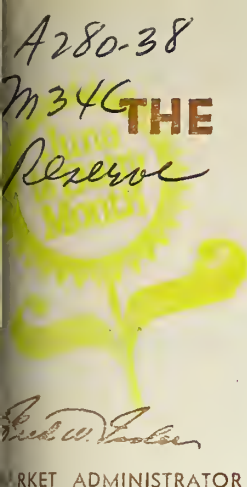


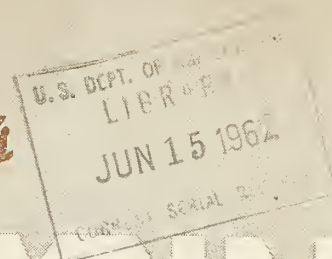
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*Market Administrator's*



# BULLETIN

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ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

MAY, 1962

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## MILK PRODUCTION GAINS TO CONTINUE

The Dairy Situation, Economic Research Service, USDA, April 1962

In March, milk production was 11,101 million pounds, 1.6 percent above March 1961. For the first quarter of 1962 the increase over 1961 was about 2 percent. A 2 percent average gain in 1962 would mean that 1962 milk production would reach about 128 billion pounds. Production in Michigan for January to March was nearly 10 percent above a year earlier. Wisconsin reported 4.6 percent above; Minnesota, 2 percent; and New York, 3 percent. The high production rate of the first quarter is expected to continue through the summer months, given normal production conditions. However, the drop in the level of support prices will result in a drop in the milk-beef cattle price ratio and milk-feed price ratios, so that conditions will be much more conducive to the sale of milk cows for slaughter in the fall of 1962 than they were in 1961. Moreover, a drop in the milk-feed price ratio may check the rise in the rate of feeding concentrates which has continued since 1954. Therefore, production rates in the last half of 1962 may decline from the present 128 billion pounds annual level, but total production for the year still is likely to reach 2 billion pounds above the 1961 level. With cow numbers unchanged from 1961, this would require slightly more than 100 pounds gain in average milk pro-

duction per cow. If cow numbers dropped 250,000 production per cow would have to rise more than 200 pounds.

On April 1, 1962, average daily production per cow in crop reporters' herds was 23.42 pounds, about 0.3 pound above a month earlier and above the previous record set a year earlier. Declines in the West North Central and Western Regions due to continued cold weather reduced the national average. The seasonal gain from March 1 to April 1 was lower than usual, partly as a result of the continued trend toward leveling out of the spring increase. Of the total cows in herds, 77.4 percent were milked on April 1, about the same as a year earlier.

Average milk production per cow has increased an average of 188 pounds annually since 1951, gaining more than 150 pounds in all but two years. Between 1940 and 1953, a gain of 200 pounds was reached only twice — in 1945 under wartime incentives for increased production, and again in 1949. In most other years, gains were gradual and some losses occurred.

Milk cow numbers have been falling since 1953, from 21.7 million in that year to 17.4 million in 1961, an average of 537 thousand cows annually. The drop ranged from over a million cows from 1957 to 145 thousand from 1960 to 1961.

If gains in milk production per cow are around 200 pounds — the magnitude occurring during the past 7 years — a drop of 250,000 milk cows would be needed to pull milk production below 128 million pounds and a cut of slightly less than a half a million cows to pull down to the 1961 production.

If, however, the average gain in production per cow is not over 100 pounds, even with no change in average milk cow numbers, total production would be under 128 billion pounds, and a reduction of 250,000 milk cows would bring milk production to the 1961 level.

While milk production in January and February increased 2 percent over a year earlier, butter production increased 16 percent and nonfat dry milk for human food, 19 percent. Cheese production, which was 2 percent lower in January than a year earlier, rose slightly above year earlier levels in February.

Output of other dairy products not under a purchase program was generally lower in January and February than a year ago, as inventories were reduced in expectation of a drop in the price of manufacturing milk. In February, production of evaporated whole milk was down 11 percent from a year earlier; sweetened condensed whole milk, down 2 percent; and dry whole milk, down 18 percent.



*Columbus*

## MARKET FACTS FOR EASY REFERENCE

### PRICE SUMMARY

|                                       |                                     |                      |                       |                        |                       |                                                                  |
|---------------------------------------|-------------------------------------|----------------------|-----------------------|------------------------|-----------------------|------------------------------------------------------------------|
| Producers' Uniform Price (3.5%) ..... | Producers' Uniform Price (4%) ..... | Class I (3.5%) ..... | Class II (3.5%) ..... | Class III (3.5%) ..... | Class IV (3.5%) ..... | Producer Butterfat Differential for each one-tenth percent ..... |
|---------------------------------------|-------------------------------------|----------------------|-----------------------|------------------------|-----------------------|------------------------------------------------------------------|

| April<br>1962 | March<br>1962 | April<br>1961 |
|---------------|---------------|---------------|
| \$3.65        | \$4.20        | \$3.79        |
| 4.005         | 4.575         | 4.16          |
| 4.22          | 4.40          | 4.328         |
| 3.899         | 4.011         | 3.928         |
| 3.617         | 3.849         | 3.729         |
| 3.997         | 3.249         | 3.119         |
| 7.1¢          | 7.5¢          | 7.4¢          |

### UTILIZATION SUMMARY

|                                           |                                                |                                            |                                                 |                                             |                                                  |                                            |                                                 |
|-------------------------------------------|------------------------------------------------|--------------------------------------------|-------------------------------------------------|---------------------------------------------|--------------------------------------------------|--------------------------------------------|-------------------------------------------------|
| Percent of Producer Milk in Class I ..... | Percent of Producer Butterfat in Class I ..... | Percent of Producer Milk in Class II ..... | Percent of Producer Butterfat in Class II ..... | Percent of Producer Milk in Class III ..... | Percent of Producer Butterfat in Class III ..... | Percent of Producer Milk in Class IV ..... | Percent of Producer Butterfat in Class IV ..... |
|-------------------------------------------|------------------------------------------------|--------------------------------------------|-------------------------------------------------|---------------------------------------------|--------------------------------------------------|--------------------------------------------|-------------------------------------------------|

|      |      |      |
|------|------|------|
| 75.7 | 77.2 | 79.2 |
| 70.9 | 71.8 | 74.5 |
| 7.9  | 8.8  | 7.5  |
| 2.3  | 2.5  | 2.3  |
| 3.6  | 3.0  | 2.1  |
| 4.6  | 4.0  | 3.6  |
| 12.8 | 11.0 | 11.2 |
| 22.2 | 21.7 | 19.6 |

### PRODUCTION SUMMARY

|                                               |                                           |                                 |                                             |                              |                                             |                                           |
|-----------------------------------------------|-------------------------------------------|---------------------------------|---------------------------------------------|------------------------------|---------------------------------------------|-------------------------------------------|
| Total Pounds of Producer Milk Delivered ..... | Average Daily Class I Producer Milk ..... | Total Number of Producers ..... | Average Daily Production per Producer ..... | Average Butterfat Test ..... | Total Value of Producers Milk at Test ..... | Income per Producer (7 day average) ..... |
|-----------------------------------------------|-------------------------------------------|---------------------------------|---------------------------------------------|------------------------------|---------------------------------------------|-------------------------------------------|

|                |                |                |
|----------------|----------------|----------------|
| 33,768,621     | 34,362,548     | 28,736,091     |
| 851,739        | 855,784        | 758,936        |
| 1,317          | 1,328          | 1,243          |
| 855            | 835            | 771            |
| 3.82           | 3.89           | 3.80           |
| \$1,427,864.01 | \$1,542,522.15 | \$1,252,213.42 |
| \$252.98       | \$262.28       | \$235.06       |

### GROSS CLASS USE (Pounds)

|                    |                         |                    |                     |                          |                     |
|--------------------|-------------------------|--------------------|---------------------|--------------------------|---------------------|
| Class I Skim ..... | Class I Butterfat ..... | Class I Milk ..... | Class II Skim ..... | Class II Butterfat ..... | Class II Milk ..... |
|--------------------|-------------------------|--------------------|---------------------|--------------------------|---------------------|

|            |            |            |
|------------|------------|------------|
| 24,637,265 | 25,570,815 | 21,954,276 |
| 914,916    | 958,487    | 813,812    |
| 25,552,181 | 26,529,302 | 22,768,088 |
| 2,660,480  | 3,120,000  | 2,171,090  |
| 29,102     | 33,153     | 24,756     |
| 2,689,582  | 3,153,153  | 2,195,846  |

### AVERAGE DAILY SALES (Quarts)

|            |                  |                 |            |             |
|------------|------------------|-----------------|------------|-------------|
| Milk ..... | Buttermilk ..... | Chocolate ..... | Skim ..... | Cream ..... |
|------------|------------------|-----------------|------------|-------------|

|         |         |         |
|---------|---------|---------|
| 293,383 | 312,955 | 293,085 |
| 4,869   | 5,067   | 4,674   |
| 15,833  | 16,759  | 16,788  |
| 12,035  | 12,576  | 13,019  |
| 8,632   | 8,928   | 8,550   |



COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



APRIL, 1953 - '62

| Year | Receipts<br>from<br>Producers | Average<br>Butter-<br>fat<br>Test | Percentage of Producer<br>Milk in Each Class |             |              |             | Uniform<br>Producer<br>Price<br>(3.5%) | Class prices at 3.5% |             |              |             | Number<br>of<br>Producers | Daily<br>Average<br>Production |
|------|-------------------------------|-----------------------------------|----------------------------------------------|-------------|--------------|-------------|----------------------------------------|----------------------|-------------|--------------|-------------|---------------------------|--------------------------------|
|      |                               |                                   | Class<br>I                                   | Class<br>II | Class<br>III | Class<br>IV |                                        | Class<br>I           | Class<br>II | Class<br>III | Class<br>IV |                           |                                |
| 1953 | 22,805,590                    | 3.93                              | 68.8                                         | 21.4        | 9.8          | —           | 4.02                                   | 4.565                | 4.165       | 3.489        | —           | 2,229                     | 341                            |
| 1954 | 24,780,492                    | 3.86                              | 67.3                                         | 7.4         | 11.8         | 13.5        | 3.41                                   | 4.046                | 3.646       | 3.286        | 3.110       | 2,195                     | 376                            |
| 1955 | 25,320,226                    | 3.77                              | 69.0                                         | 8.6         | 12.7         | 10.0        | 3.60                                   | 4.219                | 3.819       | 3.319        | 3.143       | 2,091                     | 404                            |
| 1956 | 25,778,372                    | 3.81                              | 71.8                                         | 8.3         | 11.0         | 8.6         | 3.65                                   | 4.258                | 3.858       | 3.360        | 3.183       | 2,056                     | 418                            |
| 1957 | 24,307,929                    | 3.77                              | 80.8                                         | 10.9        | 5.6          | 2.7         | 4.07                                   | 4.57                 | 4.17        | 3.49         | 3.07        | 1,899                     | 427                            |
| 1958 | 25,127,358                    | 3.73                              | 78.0                                         | 9.2         | 8.9          | 3.9         | 3.81                                   | 4.350                | 3.950       | 3.350        | 2.927       | 1,821                     | 460                            |
| 1959 | 27,016,706                    | 3.75                              | 83.8                                         | 8.4         | 2.6          | 5.2         | 3.81                                   | 4.314                | 3.914       | 3.489        | 2.869       | 1,772                     | 508                            |
| 1960 | 28,853,090                    | 3.83                              | 78.1                                         | 8.0         | 3.2          | 10.7        | 3.63                                   | 4.195                | 3.795       | 3.532        | 2.904       | 1,690                     | 569                            |
| 1961 | 28,736,091                    | 3.80                              | 79.2                                         | 7.5         | 2.1          | 11.2        | 3.79                                   | 4.328                | 3.928       | 3.729        | 3.119       | 1,243                     | 771                            |
| 1962 | 33,768,621                    | 3.82                              | 75.7                                         | 7.9         | 3.6          | 12.8        | 3.65                                   | 4.22                 | 3.899       | 3.617        | 2.997       | 1,317                     | 855                            |

## USDA Contributions to Civilian Dairy Consumption Are Increasing

The Dairy Situation, Economic Research Service, USDA, April 1962

The proportion of Government contributions to total consumption of milk in all forms has been trending upward during the past 15 years. Per capita consumption from Federally financed sources was below 10 pounds per person in 5 of the 7 years 1947 to 1953. From 1954 to 1961 it has risen to 30 pounds or more in 4 of the 8 years. For the first 7-year period it averaged 7.3 pounds milk equivalent per person; for the second 8 years, 29.3 pounds. The growth of the National School Lunch Milk Programs accounts for a steadily increasing part of this consumption. The amount of cheese, butter, and nonfat dry milk distributed in civilian channels varies from year to year, since it depends on the number of people on relief rolls and on the amount of supplies of butter, cheese and nonfat dry milk that CCC can make available for distribution.

The increasing importance of Fed-

erally financed consumption has not entirely offset the continuing decline in the amount of milk consumed on farms where produced and the steady drop of the past few years in the amount of milk per person purchased from commercial sources.

Milk consumed on farms where produced included whole milk, cream, and butter produced and consumed in farm households. It does not include commercial products such as bottled milk, creamery butter, cheese, and evaporated milk, which are bought by farmers from commercial sources for household uses. As a result of the heavy decline in the number of farms with milk cows, the total amount of milk consumed on farms where produced fell more than 60 percent, from 16,255 million pounds in 1947 to 5,968 million pounds in 1961. In 1947, 14 percent of milk production was consumed on farms where produced; in 1961, 5

percent. Since farm households on milk-producing farms tend to use more milk than households purchasing all of their milk, it is evident that the drop in the number of farm families on milk-producing farms has been one of the causes of our declining per capita milk consumption.

This shift of population undoubtedly contributed somewhat to the decline in civilian per capita consumption of milk in all forms, but it has nothing to do with the downturn in civilian per capita consumption from commercial sources. In 1961, the per capita decline in this segment of consumption, at 16 pounds of milk in all forms, was so great that about 1.1 billion pounds were lost from commercial consumption. This occurred despite a population gain of about 3 million persons and the movement of population from farms to the commercial sector of the market.

## Change In Support Level Lowers Milk-Feed Ratio

The Dairy Situation, Economic Research Service USDA, April 1962

For the past 3 years, milk-feed price ratios have been quite stable, favoring a high rate of concentrate feeding to dairy cows. Assuming that feed prices continue their present stable course, the change in dairy price supports will sharply reduce the milk-feed price ratio from its present national level of around 1.30. As a result, a decline may occur in the present rate of concentrate feeding, at least in the Northeast

and South Atlantic area, which depend largely on commercial feed.

The rate of concentrate feeding has risen steadily since 1952. On April 1, 1962, it averaged 8.36 pounds per cow daily in the crop reporters' herds, compared with 8.02 pounds a year earlier and the 1951-60 average of 6.78 pounds. In 1961, 20.9 million tons of grain and other concentrates were fed to dairy cows — a million more tons than was fed in the pre-

vious record year of 1957. In 1957, cow numbers were 14 percent above the 17.4 million cows milked in 1961. Both the quantity of concentrates fed per cow and the quantity fed per hundred pounds of milk in 1961 were record highs. The average quantity fed per cow on farms where milk or cream was sold rose 141 pounds above 1960 to 2,474 pounds, and the quantity fed per hundred pounds of milk rose 1 pound to 33.2 pounds.

# Lower Farm Prices for Milk In 1962

The Dairy Situation, Economic Research Service USDA, April 1962

Prices received by farmers for all wholesale milk in the first quarter of 1962 have been only slightly below those for the same period of 1961. For the last 9 months of 1962, prices will be substantially lower than a year earlier, partly because of the 29 cent drop in the price support level for manufacturing milk and 3.2 cent drop in butterfat price support, and partly because of the utilization of an increased proportion of milk for manufactured products.

Since manufacturing milk prices have been close to the equivalent of support levels and supplies of manufactured products are in excess of demand at those prices, the entire 29 cent drop is expected to be reflected in the price of milk used for manufacturing. The price of milk used for fluid purpose also is expected to decline in most markets, but the extent and timing of decreases will depend on the type of pricing formula and on the existence of premiums. Price drops due to the lowering of support prices are expected to be smallest in the North Atlantic and South Atlantic regions, where prices of milk for fluid use are established by economic formulae or State milk control agencies. All or nearly all of the change in support level probably will be reflected in lower prices in the North Central and South Central

regions and in the western States except Montana, California, and Oregon.

In spite of higher milk production expected in 1962, cash receipts from milk, cream, and dairy products marketed from farms are likely to decline from the \$4.9 billion in 1961. Since costs of a number of production items are expected to increase slightly, net income probably will drop more than gross cash receipts.

Prices consumers pay for dairy products this year will be lower than in 1961. Butter prices will reflect most of the 2½ cent reduction in the CCC purchase price. Consumer prices for cheese and nonfat dry milk, on the other hand, are likely to respond less. Slowly rising costs in processing and distribution of fluid milk and

relatively small declines in Class I prices are expected to preclude reductions in consumer prices for fluid milk in many markets.

## MILK PRODUCTION PER COW INCREASED 3 PERCENT IN 1962

The Dairy Situation, Economic Research Service USDA, February 1962

Milk cow numbers on January 1, 1962 were only slightly lower than a year earlier, while milk production per cow in 1961 increased 3 percent. As a result total milk production last year reached a record 125.5 billion pounds. Young milk stock per 100 cows is turning downward in some areas and a lower rate of eliminating milk cows over the past 2 years has left many older cows in milk herds.

## Market Quotations

APRIL  
1962

|                                                                                                             |        |
|-------------------------------------------------------------------------------------------------------------|--------|
| MINNESOTA - WISCONSIN PRICE SERIES .....                                                                    | \$3.05 |
| MIDWEST CONDENSERIES 3.5% per Cwt. ....                                                                     | 2.929  |
| 4 CONDENSERIES (Tri-State) 3.5% per Cwt. ....                                                               | 2.769  |
| Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus).....                                                | 3.117  |
| Skim Milk Powder-Butter Price, 3.5% per Cwt. (Tri-Sate) .....                                               | 3.016  |
| Average Weekly Cheddars price per lb. ....                                                                  | .33250 |
| Average price per lb. 92-score butter at Chicago .....                                                      | .57957 |
| Average carlot prices non-fat dry milk solids,<br>roller and spray process, f.o.b. manufacturing plant..... | .14125 |

## THE Market Administrator's BULLETIN

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is Dairy  
Month

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